

CONTRA COSTA COUNTY ECONOMIC FORECAST

Contra Costa County is located in the East Bay of the San Francisco Bay Area. Along with Alameda County to the south, the East Bay metro area had the third highest median family income in California, at \$83,800 in 2006. Together with other Bay Area counties, Contra Costa County thrived in the late 1990s when technology was booming. But unlike other counties in the region, Contra Costa experienced only one year of significant job loss, and total employment will reach a record high in 2006.

Contra Costa County has a population of just over one million people and more than 342,000 wage and salary jobs. The per capita income in Contra Costa County is \$48,244, and the average salary per worker is \$60,505.

Although not nearly as robust as Southern California, employment growth in Northern California was strong in 2005, compared to the previous four years. Employment in the greater Bay Area increased by 0.8 percent last year. In 2005 4,600 jobs were created in Contra Costa County, representing a growth rate of 1.4 percent. The unemployment rate fell to 4.8 percent in 2005.

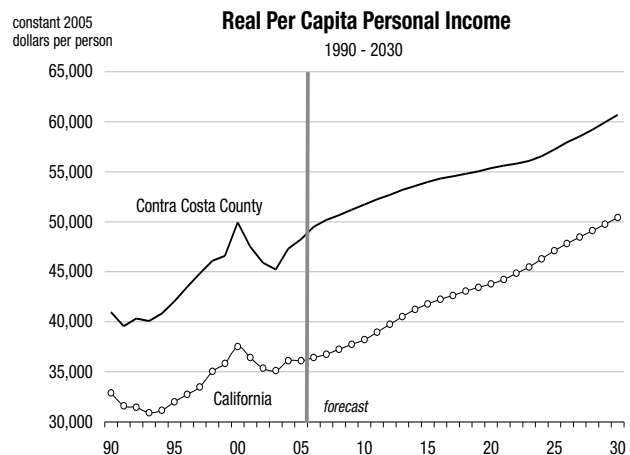
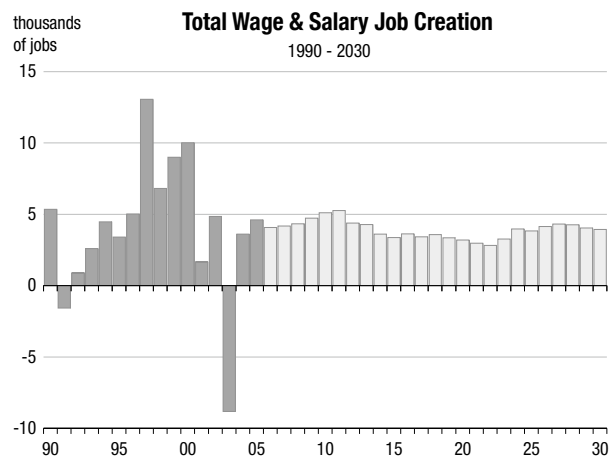
Construction and financial activities added the most new jobs in 2005. The manufacturing sector, wholesale trade and information technologies were the only non-farm sectors that lost jobs in 2005. Manufacturing employment is the only job sector that is forecast to contract over the next five years.

Population growth remains positive in Contra Costa County. The county grew at a rate of 1.0 percent in the January 2005 to January 2006 period. The fastest growing cities in the county are Brentwood and San Ramon, which jumped 9.1 and 4.3 percent, respectively. The largest city in the county, Concord, actually lost population (by 0.2 percent) last year.

Employment and population growth is forecast to remain stable in Contra Costa County in 2006 and beyond.

FORECAST HIGHLIGHTS

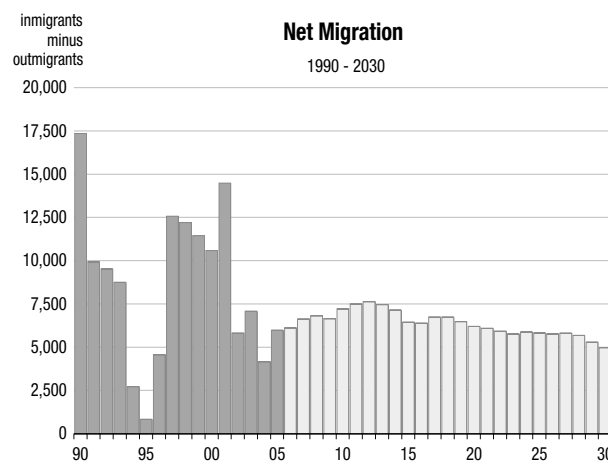
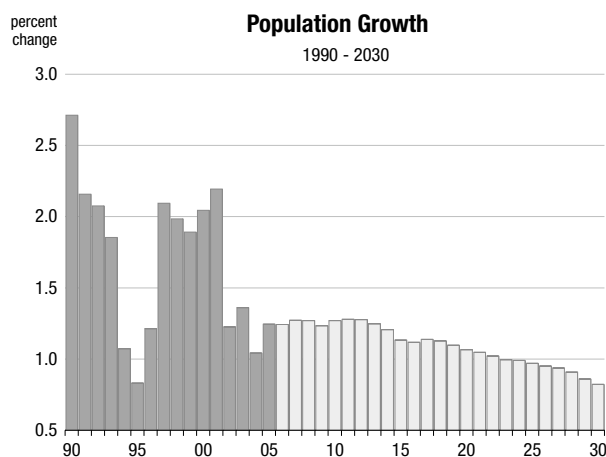
- Job growth averages 1.2 percent in 2006. From 2006 to 2010, the rate of employment growth is forecast to average 1.3 percent.
- Real per capita incomes increase at a rate of 2.6 percent in 2006. Over the next five years real per capita incomes are forecast to increase 1.4 percent per year.
- The momentum for employment growth is broad-based, with only the manufacturing sector experiencing declining employment. The financial activities sector will lead the way with 4,700 jobs created between 2006 and 2010. The professional services, healthcare and education, leisure services, government and trade sectors are all forecast to create at least 2,500 jobs.
- Population growth is forecast at 1.2 percent for 2006. Annual growth in the 2006 to 2010 period is forecast to average 1.3 percent per year.
- The level of net migration is expected to reach 6,000 people in 2006. Net migration is expected to increase slightly over the next five years, averaging just under 6,700 people entering the county per year.
- Average salaries adjusted for inflation are currently well above the California average, and will remain so over the foreseeable future. Real average salaries are forecast to rise an average of 1.9 percent per year over the next 5 years.
- Industrial production is expected to increase 2.5 percent in 2006. Over the next five years the growth rate of industrial production is forecast to average of 1.4 percent per year.



Contra Costa County Economic Forecast

1997-2005 History, 2006-2030 Forecast

| | Population (people) | Net Migration (people) | Registered Vehicles (thousands) | Households (thousands) | New Homes Permitted (homes) | Total Taxable Sales (billions) | Personal Income (billions) | Real Per Capita Income (dollars) | Inflation Rate (% change in CPI) | Real Farm Crop Value (millions) | Real Industrial Production (billions) | Unemploy- ment Rate (percent) |
|------|------------------------|------------------------------|---------------------------------------|---------------------------|-----------------------------------|--------------------------------------|----------------------------------|--|--|---------------------------------------|---|-------------------------------------|
| 1997 | 901,900 | 12,576 | 713.8 | 325.7 | 3,514 | \$9.3 | \$32.0 | \$44,824 | 3.4 | 120.4 | 3.5 | 4.2 |
| 1998 | 919,800 | 12,205 | 762.2 | 329.1 | 4,249 | \$10.1 | \$34.6 | \$46,092 | 3.2 | 107.0 | 3.2 | 3.6 |
| 1999 | 937,200 | 11,444 | 785.9 | 332.1 | 4,589 | \$11.1 | \$37.1 | \$46,588 | 4.2 | 102.0 | 3.5 | 3.1 |
| 2000 | 956,372 | 10,593 | 817.6 | 344.1 | 5,639 | \$12.3 | \$42.4 | \$49,933 | 4.5 | 104.2 | 4.1 | 3.6 |
| 2001 | 977,356 | 14,491 | 849.4 | 346.5 | 5,136 | \$12.3 | \$43.5 | \$47,517 | 5.4 | 101.0 | 3.5 | 4.0 |
| 2002 | 989,340 | 5,802 | 879.3 | 351.3 | 5,805 | \$12.2 | \$43.2 | \$45,914 | 1.6 | 105.3 | 3.6 | 5.7 |
| 2003 | 1,002,816 | 7,076 | 868.9 | 355.7 | 6,895 | \$12.2 | \$44.0 | \$45,243 | 1.8 | 112.1 | 3.6 | 6.1 |
| 2004 | 1,013,280 | 4,158 | 919.0 | 360.8 | 5,483 | \$13.0 | \$47.0 | \$47,315 | 1.2 | 96.7 | 4.0 | 5.4 |
| 2005 | 1,025,900 | 5,975 | 947.0 | 367.0 | 6,103 | \$13.3 | \$49.5 | \$48,244 | 2.0 | 101.8 | 4.1 | 4.8 |
| 2006 | 1,038,653 | 6,119 | 966.3 | 372.2 | 5,677 | \$14.3 | \$52.8 | \$49,500 | 2.7 | 95.9 | 4.2 | 4.6 |
| 2007 | 1,051,870 | 6,625 | 984.4 | 377.5 | 5,380 | \$15.0 | \$55.3 | \$50,180 | 2.1 | 89.0 | 4.2 | 4.6 |
| 2008 | 1,065,250 | 6,827 | 1,002.5 | 382.5 | 5,130 | \$15.8 | \$57.9 | \$50,648 | 2.3 | 90.3 | 4.3 | 4.6 |
| 2009 | 1,078,416 | 6,650 | 1,020.7 | 387.2 | 4,945 | \$16.6 | \$60.5 | \$51,192 | 2.2 | 84.0 | 4.3 | 4.5 |
| 2010 | 1,092,118 | 7,216 | 1,038.8 | 391.8 | 4,850 | \$17.5 | \$63.4 | \$51,723 | 2.4 | 80.4 | 4.4 | 4.5 |
| 2011 | 1,106,101 | 7,501 | 1,056.0 | 396.3 | 4,794 | \$18.3 | \$66.4 | \$52,252 | 2.3 | 81.5 | 4.5 | 4.5 |
| 2012 | 1,120,238 | 7,639 | 1,070.7 | 400.7 | 4,671 | \$19.2 | \$69.2 | \$52,697 | 2.1 | 79.2 | 4.6 | 4.6 |
| 2013 | 1,134,234 | 7,465 | 1,084.0 | 405.0 | 4,556 | \$20.2 | \$72.3 | \$53,181 | 2.2 | 75.9 | 4.8 | 4.7 |
| 2014 | 1,147,937 | 7,143 | 1,096.9 | 409.2 | 4,403 | \$21.1 | \$75.3 | \$53,591 | 2.2 | 74.8 | 5.0 | 4.8 |
| 2015 | 1,160,956 | 6,437 | 1,109.9 | 413.3 | 4,263 | \$22.1 | \$78.6 | \$53,980 | 2.4 | 72.7 | 5.2 | 4.8 |
| 2016 | 1,173,950 | 6,385 | 1,122.5 | 417.3 | 4,153 | \$23.2 | \$82.0 | \$54,317 | 2.5 | 70.6 | 5.3 | 4.9 |
| 2017 | 1,187,327 | 6,736 | 1,133.6 | 421.1 | 4,038 | \$24.3 | \$85.4 | \$54,543 | 2.6 | 72.7 | 5.4 | 4.9 |
| 2018 | 1,200,739 | 6,741 | 1,143.6 | 424.8 | 3,954 | \$25.4 | \$88.9 | \$54,793 | 2.4 | 70.2 | 5.6 | 5.0 |
| 2019 | 1,213,933 | 6,482 | 1,152.5 | 428.5 | 3,867 | \$26.6 | \$92.5 | \$55,053 | 2.4 | 68.5 | 5.8 | 5.0 |
| 2020 | 1,226,889 | 6,206 | 1,160.4 | 432.1 | 3,781 | \$27.8 | \$96.2 | \$55,361 | 2.3 | 67.5 | 5.9 | 5.0 |
| 2021 | 1,239,751 | 6,095 | 1,167.5 | 435.6 | 3,683 | \$29.1 | \$99.9 | \$55,616 | 2.3 | 69.5 | 6.0 | 4.9 |
| 2022 | 1,252,433 | 5,926 | 1,173.3 | 439.0 | 3,588 | \$30.3 | \$103.7 | \$55,822 | 2.4 | 66.4 | 6.0 | 5.0 |
| 2023 | 1,264,918 | 5,765 | 1,177.9 | 442.3 | 3,535 | \$31.6 | \$107.7 | \$56,092 | 2.3 | 68.5 | 6.0 | 4.9 |
| 2024 | 1,277,470 | 5,886 | 1,181.3 | 445.6 | 3,527 | \$33.0 | \$112.0 | \$56,562 | 2.2 | 64.4 | 5.9 | 4.9 |
| 2025 | 1,289,880 | 5,819 | 1,183.7 | 448.8 | 3,515 | \$34.5 | \$116.9 | \$57,213 | 2.2 | 63.4 | 5.7 | 4.9 |
| 2026 | 1,302,160 | 5,771 | 1,185.5 | 452.1 | 3,519 | \$36.0 | \$122.3 | \$57,951 | 2.3 | 62.4 | 5.7 | 4.8 |
| 2027 | 1,314,374 | 5,816 | 1,187.2 | 455.4 | 3,525 | \$37.6 | \$127.6 | \$58,536 | 2.3 | 61.4 | 5.7 | 4.8 |
| 2028 | 1,326,319 | 5,681 | 1,189.6 | 458.6 | 3,516 | \$39.3 | \$133.5 | \$59,213 | 2.5 | 62.7 | 5.7 | 4.8 |
| 2029 | 1,337,733 | 5,293 | 1,192.8 | 461.9 | 3,486 | \$41.1 | \$139.8 | \$59,945 | 2.5 | 59.5 | 5.8 | 4.8 |
| 2030 | 1,348,738 | 4,979 | 1,196.4 | 465.1 | 3,449 | \$42.9 | \$146.2 | \$60,689 | 2.5 | 58.5 | 5.8 | 4.8 |



Contra Costa County Employment Forecast

1997-2005 History, 2006-2030 Forecast

| | Total Wage & Salary | Farm | Construction | Manufac- turing | Transportation & Utilities | Wholesale & Retail Trade | Financial Activities | Professional Services | Information | Health & Education | Leisure | Government |
|--|------------------------|------|--------------|--------------------|-------------------------------|-----------------------------|-------------------------|--------------------------|-------------|-----------------------|---------|------------|
| -----employment (thousands of jobs)----- | | | | | | | | | | | | |
| 1997 | 310.8 | 1.12 | 20.9 | 23.7 | 9.1 | 49.7 | 22.9 | 51.4 | 15.1 | 33.6 | 25.7 | 45.6 |
| 1998 | 317.6 | 0.92 | 22.4 | 22.8 | 8.5 | 50.2 | 23.2 | 54.9 | 15.1 | 35.8 | 26.4 | 45.5 |
| 1999 | 326.6 | 1.33 | 24.6 | 22.5 | 8.4 | 50.6 | 25.0 | 55.3 | 15.9 | 36.9 | 26.1 | 47.2 |
| 2000 | 336.6 | 2.24 | 27.1 | 23.4 | 8.9 | 52.0 | 26.3 | 54.1 | 17.4 | 38.3 | 25.9 | 48.2 |
| 2001 | 338.3 | 2.12 | 28.9 | 22.8 | 8.9 | 52.9 | 28.6 | 48.8 | 16.8 | 39.5 | 26.6 | 49.6 |
| 2002 | 343.2 | 2.14 | 27.3 | 21.9 | 9.3 | 53.5 | 30.8 | 48.0 | 16.0 | 40.3 | 29.1 | 50.5 |
| 2003 | 334.3 | 1.96 | 26.9 | 20.6 | 7.9 | 51.5 | 32.4 | 45.1 | 13.8 | 40.4 | 29.8 | 50.2 |
| 2004 | 338.0 | 0.90 | 28.3 | 21.0 | 7.2 | 52.3 | 32.3 | 45.9 | 14.0 | 41.6 | 30.2 | 49.2 |
| 2005 | 342.6 | 0.92 | 30.0 | 20.4 | 7.3 | 52.8 | 33.7 | 46.8 | 13.6 | 42.1 | 31.0 | 49.3 |
| 2006 | 346.7 | 0.88 | 30.3 | 20.3 | 7.3 | 53.4 | 34.3 | 47.5 | 13.7 | 42.8 | 31.6 | 49.5 |
| 2007 | 350.9 | 0.81 | 30.7 | 20.2 | 7.4 | 54.0 | 35.4 | 48.0 | 13.9 | 43.4 | 32.3 | 49.8 |
| 2008 | 355.2 | 0.82 | 30.9 | 20.0 | 7.4 | 54.5 | 36.5 | 48.6 | 14.2 | 44.0 | 32.9 | 50.3 |
| 2009 | 359.9 | 0.76 | 31.0 | 19.8 | 7.4 | 55.0 | 37.4 | 49.6 | 14.6 | 44.4 | 33.5 | 51.0 |
| 2010 | 365.1 | 0.73 | 31.2 | 19.7 | 7.5 | 55.7 | 38.4 | 50.6 | 15.1 | 44.9 | 34.1 | 51.7 |
| 2011 | 370.3 | 0.74 | 31.5 | 19.6 | 7.5 | 56.3 | 39.5 | 51.5 | 15.5 | 45.4 | 34.7 | 52.4 |
| 2012 | 374.7 | 0.72 | 31.5 | 19.6 | 7.5 | 56.9 | 40.1 | 52.3 | 16.0 | 45.9 | 35.3 | 53.0 |
| 2013 | 379.0 | 0.69 | 31.5 | 19.6 | 7.5 | 57.6 | 40.8 | 53.2 | 16.4 | 46.4 | 35.8 | 53.6 |
| 2014 | 382.6 | 0.67 | 31.4 | 19.5 | 7.5 | 58.2 | 41.1 | 54.1 | 16.7 | 46.8 | 36.4 | 54.1 |
| 2015 | 386.0 | 0.65 | 31.2 | 19.4 | 7.5 | 58.8 | 41.6 | 54.7 | 17.0 | 47.4 | 36.9 | 54.6 |
| 2016 | 389.6 | 0.63 | 30.9 | 19.4 | 7.5 | 59.4 | 42.1 | 55.5 | 17.3 | 47.9 | 37.4 | 55.1 |
| 2017 | 393.1 | 0.65 | 30.7 | 19.3 | 7.5 | 60.0 | 42.6 | 56.1 | 17.6 | 48.5 | 37.9 | 55.7 |
| 2018 | 396.7 | 0.63 | 30.5 | 19.3 | 7.5 | 60.5 | 43.2 | 56.6 | 17.9 | 49.0 | 38.5 | 56.3 |
| 2019 | 400.0 | 0.61 | 30.3 | 19.3 | 7.5 | 61.1 | 43.7 | 57.0 | 18.2 | 49.5 | 39.0 | 57.0 |
| 2020 | 403.2 | 0.60 | 30.1 | 19.2 | 7.5 | 61.7 | 44.1 | 57.6 | 18.4 | 50.0 | 39.4 | 57.6 |
| 2021 | 406.2 | 0.62 | 29.8 | 19.1 | 7.5 | 62.3 | 44.3 | 58.2 | 18.7 | 50.5 | 39.9 | 58.1 |
| 2022 | 409.0 | 0.59 | 29.6 | 19.1 | 7.5 | 62.9 | 44.6 | 58.6 | 18.9 | 50.9 | 40.4 | 58.8 |
| 2023 | 412.3 | 0.61 | 29.4 | 19.2 | 7.5 | 63.5 | 45.0 | 59.1 | 19.1 | 51.3 | 40.8 | 59.4 |
| 2024 | 416.3 | 0.57 | 29.3 | 19.3 | 7.5 | 64.1 | 45.7 | 60.0 | 19.4 | 51.7 | 41.2 | 60.0 |
| 2025 | 420.2 | 0.56 | 29.2 | 19.5 | 7.5 | 64.6 | 46.7 | 60.3 | 19.8 | 52.1 | 41.7 | 60.6 |
| 2026 | 424.3 | 0.56 | 29.3 | 19.7 | 7.5 | 65.3 | 47.7 | 60.8 | 20.2 | 52.5 | 42.1 | 61.1 |
| 2027 | 428.6 | 0.55 | 29.3 | 19.8 | 7.4 | 65.9 | 48.7 | 61.3 | 20.7 | 53.0 | 42.5 | 61.6 |
| 2028 | 432.9 | 0.56 | 29.3 | 20.0 | 7.4 | 66.5 | 49.6 | 61.8 | 21.2 | 53.4 | 42.8 | 62.1 |
| 2029 | 437.0 | 0.53 | 29.3 | 20.1 | 7.4 | 67.2 | 50.5 | 62.2 | 21.7 | 53.9 | 43.2 | 62.6 |
| 2030 | 440.9 | 0.52 | 29.3 | 20.3 | 7.4 | 67.8 | 51.3 | 62.6 | 22.1 | 54.5 | 43.6 | 63.1 |

